

Message Text

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44

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

OMB-01 IO-14 SCI-06 AEC-11 AF-10 ARA-16 NEA-11 DRC-01

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R 250949Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9520

INFO AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

USMISSION EC BURSELS

USMISSION OECD PARIS

C O N F I D E N T I A L TOKYO 1127

STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG, JA

SUBJ: ENERGY: GOJ VIEWS ON BILATERAL DEALS AND THE ENERGY
CONFERENCE

REF: TOKYO 851

SUMMARY: IN PREPARATION OF GOJ POSITION FOR ENERGY CONFERENCE,
POLICY LINE SEEMS TO BE DEVELOPING THAT NO DECLARATION OR
ACTION BE TAKEN AT ENERGY CONFERENCE THAT WOULD LIMIT GOJ
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ABILITY TO PURSUE WHAT IT VIEWS AS REASONABLE BILATERAL

ARRANGEMENTS, SUCH AS THOSE UNDER CONSIDERATION WITH IRAN AND IRAQ. SOME IN GOJ ALSO BELIEVE THAT NO TASK FORCE SHOULD BE SET UP UNTIL AFTER CONSUMERS MEET PRODUCERS. END SUMMARY

1. DURING DISCUSSION OF JAPAN-IRAQ PETROLEUM NEGOTIATIONS REPORTED SEPTEL, DEPUTY HEAD OF FONOFF INTERNATIONAL RESOURCES DIVISION KATAKURA GAVE HIS VIEW OF GOJ PHILOSOPHY ON SUCH DEALS. GOJ, HE SAID, BELIEVED BILATERAL GOVERNMENT-TO-GOVERNMENT OIL DEALS ARE IN JAPAN'S INTEREST, PROVIDED THAT THEY WERE NOT DISHARMONIZING OR DESTABILIZING TO THE WORLD'S ECONOMY, I.E. THAT THEY WOULD NOT LEAD TO EXCESS COMPETITION THAT WOULD SPUR PRICE RISES. WHEN EMBASSY OFFICER QUESTIONED WHETHER IT REALISTIC TO EXPECT THAT SUCH ADVERSE EFFECTS COULD BE AVOIDED IN PURSUING POLICY OF BILATERAL DEALS, KATAKURA REPLIED THAT GOJ BELIEVED THAT A CERTAIN CODE OF BEHAVIOR AMONG NATIONS WITH RESPECT TO BILATERAL PETROLEUM AGREEMENTS WAS NECESSARY TO AVOID ADVERSE EFFECTS ON PRICES. SOME SORT OF FRAMEWORK OR QTE MULTILATERAL UMBRELLA UNQTE SHOULD BE ESTABLISHED AMONG CONSUMING COUNTRIES WITH THIS IN MIND. WITHIN THIS FRAMEWORK, HOWEVER, GOJ SHOULD HAVE LEEWAY TO PURSUE BILATERAL APPROACH. WHEN ASKED IF THIS MEANT THAT GOJ WOULD SEEK AGREEMENT TO A STATEMENT OF PRINCIPLES CONCERNING SUCH BILATERAL DEALS AT THE ENERGY CONFERENCE, KATAKURA SAID THAT THIS WOULD BE GOJ'S MINIMUM OBJECTIVE.

2. KATAKURA FURTHER EXPLAINED THAT IN HIS VIEW, GOJ WAS ANXIOUS THAT OIL AGREEMENTS THAT IT HAS BEEN DISCUSSING WITH PRODUCER STATES NOT BE DECLARED QTE ILLEGAL UNQTE BY THE ENERGY CONFERENCE. ASKED FOR SPECIFIC EXAMPLES OF BILATERAL DEALS UNDER CONSIDERATION, KATAKURA SAID GOVT CREDITS TO IRAQ IN RETURN FOR STABILIZED OIL SUPPLY WAS OBVIOUSLY ONE EXAMPLE AND POSSIBLE CREDITS TO IRAN FOR REFINERY PROJECTS WAS ANOTHER. HE NOTED THAT EPA HEAD KOSAKA AL O DISCUSSING SUCH AGREEMENTS IN HIS TRAVELS IN THE MIDDLE EAST.

3. COMMENT: ECONOMIC AFFAIRS BUREAU OF THE FOREIGN OFFICE SEEMINGLY HAS BEEN THE MOST READILY AGREEABLE TO THE IDEA OF CONSUMER COOPERATION WITH U.S. AND MAJOR PETROLEUM CON-
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SUMERS. THIS TENDENCY WAS APPARENT IN THE POSITION PAPERS FOR THE ENERGY CONFERENCE NOW BEING DEVELOPED (SEE REFTEL B) AND VIEWS OF DIRGEN OF BUREAU, MIYAZAKI. IT SEEMS LIKELY, HOWEVER, THAT IN THE PROCESS OF THE FORMATION OF A GOVT-WIDE POSITION, THE VIEWS OF MITI, DEPUTY PRIME MINISTER MIKI AND OTHERS, ARE BEING FELT. POLICY LINE APPEARS TO BE DEVELOPING THAT GOJ SHOULD INSIST THAT NO ENUNCIATED DECLARATION OR ACTION TAKEN BY ENERGY CONFERENCE SHOULD PREJUDICE

BILATERAL ARRANGEMENTS SUCH AS THOSE WITH IRAN AND IRAQ OR PREVENT DISCUSSION OF FURTHER ARRANGEMENTS.

4. ANOTHER INDICATION OF THE BUREAUCRATIC DIFFERENCES OF VIEW NOW BEING FELT CONCERNS QUESTION OF THE TASK FORCE OR FOLLOW-UP TO THE ENERGY CONFERENCE. THIS DIFFERENCE EXISTS EVEN WITHIN THE FOREIGN OFFICE WITH MIYAZAKI, DIRECTOR GENERAL OF THE ECONOMIC AFFAIRS BUREAU, AND POSSIBLY DEPUTY VICE MINISTER TSURUMI SEEING THE NEED FOR FOLLOW-UP ACTIVITIES IN FORM OF TASK FORCE AND WORKING GROUPS. HOWEVER, DEPUTY VICE MINISTER TOGO VOLUNTEERED TO ECONCOM MIN HIS BELIEF THAT ANY FOLLOW-UP SHOULD BE MADE ONLY AFTER MEETING BETWEEN PRODUCERS AND CONSUMERS, PRESUMABLY MEANING THAT TASK FORCE SHOULD BE MADE UP OF MEMBERS OF BOTH GROUPS. IN FOLLOWING UP THESE CONFUSED SIGNALS, WE LEARNED THAT TOGO WAS APPARENTLY ONLY SPEAKING FOR HIMSELF AT THIS POINT BUT WE ALSO HAVE BEEN ADVISED BY OTHER FOREIGN OFFICE OFFICIALS THAT NO DEFINITE GOJ POSITION ON TASK FORCE HAS BEEN REACHED AND THAT QTE CERTAIN SENIOR OFFICIALS UNQTE IN GOJ BELIEVE THAT TASK FORCE SHOULD BE CREATED ONLY AFTER MEETINGS WITH PRODUCERS. SHOESMITH

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